

INSTRUCTIONS

WATERCRAFT PROPERTY TAX RETURN
(Revenue Form 61A207)



GENERAL INSTRUCTIONS

Kentucky Revised Statutes 136.181 through 136.187 grant the Revenue Cabinet the authority to assess boats, tugs, barges and other watercraft of any person, corporation, partnership or any other business association whose route or system is partly within this state and partly within another state or states. This return must be filed on or before March 1 of each year covering the movement of watercraft in Kentucky during the preceding calendar year. All late filings will be subject to a 10 percent penalty on the tax due amount. Furthermore, anyone who willfully fails to file shall be fined \$1,000, and \$50 for each day after March 1 (KRS 136.990).

Schedule A, on the reverse side of Revenue Form 61A207, must be completed in its entirety. Each boat, tug or barge must be separately listed and all items describing the watercraft must be completed. If space provided on this form is insufficient, attach a separate schedule. Schedule B must include all leased watercraft operated by your company. Schedule C must include all watercraft leased to other parties whether it be a direct lease or a sublease.

LINE ITEM INSTRUCTIONS

Line 1—Enter the name and address of your company. All correspondence and tax bills will be mailed to this address.

Line 2—Indicate what type of entity your company is with a check mark in the appropriate box.

Line 3—Enter the name, telephone number and fax number to whom all correspondence should be directed. If the address is different than listed on Line 1, please indicate the new address.

Line 4—Enter the date your business began and the state of organization.

Line 5—Enter the date your company commenced operations in the state of Kentucky.

Line 6—Enter the book depreciation policies utilized for watercraft property (e.g., straight-line, 20 years, 20% salvage).

Line 7—Indicate with a check mark whether your company operates leased watercraft or leases watercraft to others. Leased watercraft operated by your company must be included in Schedule B and in your assessment. Watercraft leased to other companies must be listed on Schedule C; however, the lessee would be liable for any resulting tax. If yes is the answer to question 7.a. or 7.b., Schedules B and C on the reverse side of Revenue Form 61A207 must be completed.

Line 8—Enter the total original (book) cost of all owned and leased (operated) watercraft on Line 8.a. This includes the original purchase price and the cost of major improvements of owned watercraft and the original cost of leased watercraft. Leased watercraft should only be included if it is operated by your company. If it is subleased, it should not be included as part of the original cost, depreciation reserve, or cost less depreciation reserve lines on Line 8 or in the original cost column on Line 11.a. If the original cost of leased (operated) watercraft is not known, utilize the annual charter (lease expense) times 8 as the original cost.

The total cost to present owner should equal the sum of the original purchase price and costs of major improvements from Schedule A plus the original cost of leased (operated) watercraft from Schedule B.

Enter the depreciation reserve, as calculated utilizing your company's depreciation policies, on Line 8.b. This amount should equal the accumulated (total) depreciation from Schedule A plus the depreciation from Schedule B.

Line 8.c. is calculated by subtracting Line 8.b. from Line 8.a. This amount should equal the sum of the net book value from Schedule A plus the depreciated cost from Schedule B.

Line 9—Enter the calculated route miles and actual miles within Kentucky for the previous year on Line 9.a. Route miles is the mileage of the entire route traversed by your company. Actual miles is the sum of the actual miles operated of each boat, tug, barge and other watercraft. Route and actual mileage on the Ohio River bordering Kentucky is 90 percent attributable to Kentucky. Route miles on the Mississippi River bordering Kentucky is 50 percent attributable to Kentucky. All other rivers are 100 percent attributable to Kentucky.

Enter the route and actual miles outside of Kentucky on Line 9.b. The total miles on Line 9.c. is the sum of Line 9.a. plus Line 9.b. in each column.

Line 9.d. is determined by dividing Line 9.a. by Line 9.c., in each column. Line 9.e. is determined by adding the route and actual mileage percentage on Line 9.d. and dividing the sum by 2. Enter the result on Line 9.e. and Line 11.b.

Line 10—List the name of each river or lake within or bordering Kentucky on which watercraft was operated and the number of route and actual miles on each. See the instructions for Line 9 for the definitions of route and actual miles. The sum of the route miles column should equal the route miles listed on Line 9.a. The sum of the actual miles column should equal the actual miles listed on Line 9.a.

Line 11—Line 11.a. contains the information necessary to compute the taxable value of all watercraft. The original cost of both owned and leased (operated) watercraft must be aggregated by age and multiplied by the factor to arrive at the assessed value. For example, the original cost of all property purchased or leased during the preceding calendar year would be aggregated in the original cost column for age 1 and then multiplied by the corresponding factor for age 1 to arrive at the assessed value. If used property is purchased or leased, its age for purposes of this return are as follows: used equipment purchased or leased during the preceding calendar year is age 1; used equipment purchased or leased the second preceding year is age 2; and so forth. All property purchased or leased during second preceding year is to be aggregated in the original cost column for age 2 and then multiplied by the corresponding factor for age 2. Complete this process through age 27. Watercraft 27 years of age and older should be aggregated in the original cost column for age 27. The total for the original cost column must equal the amount on Line 8.a.

The sum of the assessed value column represents the total assessed value of your company's taxable watercraft. Multiply the factor listed on Line 11.b. by the total assessed value to arrive at the allocated Kentucky value on Line 11.c.